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SOUTHWEST TITLE PLANT
BUR INDIAN AFFAIRS
ALBUQUEN MEX

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

Contract No. N00-C-14-20-8396

MINING LEASE INDIAN LANDS
(For Minerals other than Oil and Gas)

Mining Lease, Navajo Indian Allotted Lands

THIS INDENTURE OF LEASE, Made and entered into in quadruplicate on
this 24th day of March, 1980, Between Brown Vandever
" or heirs as the case may be." (Probate No. _____)
of McKinley County, State of New Mexico, part of the
first part, hereinafter called the Lessor, and Todilto Exploration & Development
Corporation
of Albuquerque, State of New Mexico, part of the second
part, hereinafter called the Lessee, under the provisions of the Allotted
Land Mineral Lease Act of March 3, 1909 (35 Stat. 783) and any amendments
thereto.

WITNESSETH:

I. Lessor, in consideration of \$12,253.50 bonus receipt of which
is hereby acknowledged, of the rent and royalty to be paid, and of the
agreement of the Lessee, herein contained, grants and leases unto Lessee
for the purpose of prospecting for and mining uranium and associated
minerals including in situ solution mining, except coal, oil, gas, and
any mineral not associated with uranium, upon the land described as follows:

Southwest Quarter

Section 18, Township 13 North, Range 10 West.
New Mexico Principal, Meridian, Navajo
Indian Allotted Lands, McKinley, County, State of New Mexico
and containing 163.38 acres,

more or less. The Lessee may occupy as much of the surface of the leased land as is necessary to carry on the work of exploring for, developing, mining, producing, processing and in situ recovery (solution mining), milling subject to the provisions of 25 CFR 131 and any other applicable laws and regulations, marketing, and removing said minerals, including storing subject to payments to be made as hereinafter set forth. Subject to the limitations hereinafter provided, Lessee shall have the right and license in connection with the operation of mining on the leased land to construct thereon buildings, pipelines, plants, tanks and other structures used or useful in the production, processing and transportation of said minerals; make excavations, openings, stockpiles, ditches, trains, roads, railroads, transmission lines, and other improvements used or useful in said production, processing and transportation; produce electrical power for its own use, erect and operate power lines, place machinery and other equipment and fixtures upon the leased land; use and transport water developed by Lessee on the leased land and any other water made available to Lessee; prepare for market, remove, process, and sell minerals; do all other things upon said leased land that may be necessary to carry on the mining operations hereunder, including the right of ingress and egress; however, the rights contained herein do not include the right to permanently dump or dispose of waste products of mining and milling on the surface of the leased lands.

(a) Survey of Leased Premises.

Within 180 days of the approval of this lease, Lessee at its own expense shall have the leased land surveyed by a registered surveyor, the boundaries posted with substantial monuments and a tie established with the nearest United States Public Survey marker. A certified plat map of the leased land shall be furnished to the Area Director in quadruplicate and two additional copies furnished to the Supervisor.

II. TERM. Subject to the other provisions herein contained, this lease is for a term of 10 years from the date of its approval and as long thereafter as the minerals specified are produced in paying quantities.

III. DEFINITION. Area Director refers to the official in charge of the Navajo Area Office, Window Rock, Arizona, or his authorized representative. The Secretary refers to the Secretary of the Interior or his authorized representative. Supervisor refers to the Area Mining Supervisor, U.S. Geological Survey, Albuquerque, New Mexico, or his authorized representative.

IN CONSIDERATION OF THE FOREGOING, THE LESSEE AGREES:

IV. ROYALTY. To pay or cause to be paid to the Area Director, with copies of the statements to the Supervisor, for the use and benefit of the Lessor royalties calculated as specified in Exhibit "A" attached hereto and by reference made a part hereof. Such royalties are payable not later than the 25th day of the succeeding month for which royalties are due.

V. MINIMUM ROYALTY. A minimum annual royalty of \$20.00 per acre shall become due and payable beginning with the date of approval of this lease and thereafter \$20.00 per acre on each anniversary date of the approved lease. If there is production during the lease year, the minimum royalty shall be credited against actual royalty during such year, but no other year. If the lease is surrendered or cancelled, no advance royalty paid to Lessor will be refunded.

VI. ANNUAL RENTAL. To pay or cause to be paid to the Area Director for the use and benefit of the Lessor, in advance, beginning with the date of approval of the lease, as annual rental, the sum of \$5.00 per acre for the first lease year and thereafter \$5.00 per acre on each anniversary date of the approved lease. The rent shall not be credited against royalties accruing to the Lessor under this lease. If the lease is surrendered or cancelled, no rent accruing to the Lessor will be refunded.

VII. ADJUSTMENT OF ROYALTY. Royalty rates shall be subject to reasonable adjustment by the Secretary two years after commercial production begins and at the end of each successive five year period thereafter, based on market conditions as supported by evidence from the field.

The Lessee agrees that the Secretary, for the purpose of determining the royalties due hereunder, may establish reasonable minimum values for the minerals produced. Due consideration will be given to the highest price paid to producers for minerals of like quality produced from the same general area, the price received by the Lessee, posted prices, and other relevant matters, including information provided by Lessee. At no time shall the adjusted royalty rate be less than the rate established two years after commercial production begins, notwithstanding any other provision of this lease.

VIII. EXCAVATION, WASTE AND CONSTRUCTION AREA. It is further agreed that in addition to all payments of bonuses, royalties and rentals heretofore set forth, the Lessee shall pay to the Area Director for the use and benefit of the Lessor, TWO HUNDRED DOLLARS (\$200) per acre for each acre and a proportionate amount for each part of an acre within the leased land used for permanent construction, open-pit mining or dumping of overburden or waste products from mining and milling subject to the provisions of Article I and Article X(6). This amount shall become due and payable at the end of the lease year in which the use of the acreage commences and shall be payable one time only. Before any such use commences, lessee shall in the plan required in Article X(6) hereof, furnish to the Secretary a written procedure for restoring the land.

The Lessee agrees to pay to the Area Director for the use and benefit of the Lessor, TWO HUNDRED DOLLARS (\$200) per acre for all land used for campsite purposes within the leased premises, it being understood that the payment of \$200 per acre is in addition to all other payments required under this lease and is a sum which shall be charged only once for campsite acreage. The campsite selected shall be the minimum acreage necessary for the operation and shall not include a complete and permanent housing and community development for Lessee's employees.

IX. OWNERSHIP OF WASTE MATERIAL. Lessee may remove to other lands overburden and waste materials extracted from the leased land or waste materials which are residual waste products of processed ores from the leased land; provided, if minerals or by-products are removed or produced from such materials by, or for, Lessee, Lessee shall pay Lessor royalty as provided under the provisions of this lease.

X. PROTECTION OF ENVIRONMENT AND RESTORATION OF SURFACE.
The Lessee agrees to preserve and protect the natural environment conditions of the land encompassed by this lease, or land affected by his exploration or mining operations, and to take such corrective actions as may be necessary within the scope of normal soil, stream and air pollution practices as follows:

(1) Conduct operations so as not to permanently pollute any surface or subsurface fresh water supply.

(2) Control water supplies in conformity with existing Federal and applicable Tribal laws and in all cases hold erosion and flood damage to a minimum.

(3) Abide by State, Federal, and applicable Tribal Laws, Regulations or Codes applicable to water resource utilization.

(4) Terrace and landscape waste disposal areas in a reasonable manner at his own cost and expense. The landscaping shall include, but is not limited to, the planting of grasses, shrubs, and other vegetation which will partially screen the area from view and control water and wind erosion. The surface of any waste dumps shall be left reasonably flat, and tailings will be covered with soil to a depth that will permit the early establishment and propagation of vegetation upon the completion of use of the leased land or said waste or tailings, dumps or deposits.

(5) Conduct operations that will minimize air pollution which may result from stripping, mining, milling, hauling, leaching, or waste disposal, in conformity with applicable existing or future Federal and Tribal laws, and regulations or codes.

(6) As soon as practicable after the issuance of the lease, and before the commencement of any surface-disturbing activities, the Lessee shall submit a plan of implementation which shall indicate how the previously agreed to stipulations of environmental preservation contained in this Article X will be carried out. The plans of implementation shall be in conformance with 25 CFR 177.6 and 177.7 and shall be submitted to the Supervisor, and Area Director for approval,

(7) Radioactive waste material shall be treated and disposed of utilizing the latest available technology as set forth in and subject to the written plan submitted and approved pursuant to Article X(6), which would include such other government agencies responsible for radiation control and disposal.

(8) Within 30 days after each calendar year the Lessee agrees to file with the Supervisor and the Area Director, a report showing the acreage (surface) disturbed, the acreage rehabilitated, the method of rehabilitation and acreage graded and backfilled.

XI. GOVERNMENT RESERVES RIGHT TO BUY MINERALS PRODUCED. In time of war or other public emergency, any of the executive departments of the United States Government shall have the option to purchase at the posted market price on the day of sale, all or any part of the substance or substances produced under this lease.

XII. DILIGENCE, PREVENTION OF WASTE. Lessee agrees to exercise diligence in the conduct of prospecting and mining operations, to carry on development and operations in a workmanlike manner and to the fullest possible extent; to neither commit nor suffer to be committed waste upon the leased land; to comply with the applicable laws of the state in which the leased land is located; to take appropriate steps to preserve the property and provide for the health and safety of workmen; to surrender and return promptly the leased land upon the termination of this lease to whomever is lawfully entitled thereto in as good condition as when received. If the payments agreed upon by this lease have been made and the other lease terms and applicable regulations have been complied with, the office fixtures and records, personal property, tools, pumping, drilling equipment, boilers, engines, and mining machinery may be removed by the Lessee at any time before 120 days after the lease expires by forfeiture or otherwise. All permanent buildings shall remain the property of the Lessor unless the Lessor requires the removal of same; in such event the Lessee shall remove the buildings within the aforementioned 120 day period. The Area Director may grant reasonable extension of time for removal of such equipment and buildings.

XIII. FOREST PROTECTION. The Lessee agrees:

(1) To submit in advance to the Area Director for approval, a site development and layout plan, construction plan and any revisions thereto.

(2) Not to cut, destroy or damage timber without prior authority of the Area Director, such authorization to be made only where required by the pursuance of necessary mining operations.

(3) To pay for all such timber cut, destroyed or damaged at rates prescribed by the Area Director, such rates to be determined on the basis of sales of similar timber in the vicinity.

(4) Not to interfere with the sale or removal of timber from the land covered by this lease by contractors operating under an approved timber sales contract now in effect or which may be entered into during the period of this lease.

(5) To do all in its power to prevent and suppress forest, brush or grass fires on the leased land and in its vicinity, and to require its employees, contractors, subcontractors and employees of

contractors or subcontractors to do likewise. To place its employees, its contractors, subcontractors and the employees of such contractors or subcontractors employed on the leased land at the disposal of any authorized officer of the Bureau of Indian Affairs for the purpose of suppressing forest, brush or grass fires with the understanding that the payment of such services shall be made by the United States at rates to be determined by the Area Director, which rates shall not be less than the rates of pay prevailing in the vicinity for services of similar character; provided that no payment shall be made for services rendered in the suppression of fires for which the Lessee, its employees, contractors, or subcontractors or the employees of such contractors or subcontractors are responsible.

(6) To pay for the loss of all timber ten (10) inches or more in diameter occasioned by fires for which it or any of its employees, its contractors, subcontractors or the employees of such contractors or subcontractors are responsible for the start or spread, the assessment of the value of such damages to be determined by the Area Director on the basis of the value of such timber on sales of similar timber in the vicinity. Also, to pay liquidated damages for all young timber less than ten (10) inches in diameter destroyed by such fires and to pay all costs for the suppression of fires for which it or any of its employees, contractors or subcontractors, or the employees of such contractors or subcontractors are responsible.

(7) Not to burn rubbish, trash or other inflammable materials, except with the consent of the Area Director and not to use explosives in such manner as to scatter inflammable materials on the surface of the land during the fire season, except as authorized to do so by the Area Director.

XIV. DEVELOPMENT. The land described herein shall not be held by the Lessee for speculative purposes, but for mining the minerals specified. The Lessee shall spend annually in development and improvements upon the leased land, or for the benefit of the leased land, not less than \$15.00 per acre. The Lessee shall file with the Area Director an itemized statement, in duplicate, within 30 days after each calendar year, of the amount and character of the development expenditures during the calendar year. The statement must be certified under oath by the Lessee or its agent. If the Lessee fails to diligently develop or operate the mine, or produce minerals therefrom, this lease will be subject to cancellation, except when development, operations or production have been prevented by a strike, an Act of God, administrative or judicial restraint not attributable to the Lessee, or other cause beyond the reasonable control of the Lessee.

XV. UNITIZATION. In the event two or more leases comprise a single logical mining unit in accordance with maps and plans showing the proposed mining methods and the plant layout which have been submitted by the Lessee and approved by the Supervisor, then the Lessee may unitize such leases under such terms and conditions as may be agreed upon by the Lessor and the Lessee with the consent of the Area Director.

XVI. MONTHLY STATEMENTS. To keep an accurate record of the mining operations, showing the sales, prices, dates, purchasers, the quality and amount of minerals mined, and removed, the gross receipts, transportation, mining and milling costs and to furnish the Supervisor and the Area Director sworn monthly reports thereon before the twenty-fifth of the succeeding month. All royalty and advance rental due shall be a lien on any improvements, tools, machinery and other chattels used in the operation and upon the unsold minerals obtained under the lease. An audit of the accounts and books of the Lessee shall be made annually. Said audit shall be prepared and completed by a certified public accountant hired at Lessee's expense. The Lessee shall furnish free, through the Area Director, copies of the audit to the Secretary within 30 days after the completion of each audit. The audit shall be completed within 120 days from the lease anniversary date.

XVII. REGULATIONS. To abide by and conform to the terms of this lease and all regulations of the Secretary now or hereafter in force and relative to such lease including, but not limited to, 25 CFR 172 and 177, and 30 CFR 231, except as qualified herein. Rate of royalty, the annual rental or the term of the lease may not be changed by a future regulation without the written consent of the parties to this lease except as provided in this lease.

XVIII. ASSIGNMENT OF LEASE. The Lessee shall not assign this lease or any interest therein by an operating agreement including agreements providing for payment of overriding royalty. The Lessee shall not sublet any portion of the leased land before restrictions are removed, except with the approval of the Secretary. If this lease is divided by the assignment of the entire interest in any part of it, each part shall be considered a separate lease under all the terms and conditions of the original lease.

XIX. BOND. To furnish to the Area Director an acceptable surety bond made payable to the Area Director for the benefit of the Lessor guaranteeing lease term compliance, as provided in the applicable Federal Regulations. The right is reserved to the Secretary to stipulate the amount of a bond required for reclamation purposes.

XX. LIQUOR. The Lessee further agrees that it will not use or permit to be used any part of said leased land for any unlawful conduct or purpose whatsoever; that it will not use or permit to be used any part of said leased land for the manufacture, sale, gift, transportation, drinking, or storage of intoxicating liquors or beverages in violation of existing laws relating thereto, and that any violation of this clause by the Lessee or with its knowledge, shall render this lease voidable at the option of the Area Director.

XXI. INSPECTION. The leased land, appurtenances, and all books and accounts of the Lessee may be inspected by the Lessor, his agents, or the Secretary.

XXII. DISPOSITION OF MINERALS AND SURFACE.

(a) The Lessor expressly reserves the right to lease, sell or otherwise dispose of the minerals not subject to this lease and the surface of the lands in this lease under existing law or laws hereafter enacted, such disposition to be subject to the right of the Lessee to use as much of the surface as is necessary in the extraction and removal of the minerals from the leased land.

There is further reserved to Lessor, after consultation with Lessee, the right to construct, use and maintain canals, pipe lines and syphons on and across said lands; provided such use and facilities will not unreasonably interfere with Lessee's mining operations and rights under this lease.

(b) Lessor may hereafter grant to other persons, firms or corporations oil and gas leases, non-mineral leases, licenses, oil and gas prospecting permits, or rights-of-way upon the leased land; oil and gas drilling and producing activities may be carried out concurrently with Lessee's mining operations; provided, however, that no oil rights or installations of any kind shall be situated so as to unduly interfere with Lessee's right to carry on its mining operations and related activities; and provided further, that no well may be drilled for oil or gas at any location which, in the opinion of the Area Mining and Oil and Gas Supervisors, would result in undue waste of mineral deposits or constitute a hazard or interfere with mining operations being conducted by Lessee on the leased land. The provisions of this Article XXII shall be included in any oil and gas lease, license, prospecting permit or right-of-way granted by Lessor on the leased land.

(c) Notwithstanding any other provision of this lease, the Lessor reserves the right without liability of any kind, except as provided in this lease, to grant to qualified applicants rights-of-way for pipelines for the transportation of oil, gas, helium or petroleum products, for power lines, telephone, telegraph and water lines incident to the operations of such pipelines, across the lands embraced in this lease, upon the condition that prior to the granting of any such right-of-way the applicant therefore, as a condition precedent to such grant, shall file with the Area Director the following expressed undertaking in writing for the express benefit of Lessee:

1. That applicant will either bury the pipeline to a sufficient depth or at a place to be designated by Lessee, construct and maintain, at applicant's expense, a ramp, so that loaded vehicles, including Lessee's heavy mining equipment, may pass unhindered over said pipeline. Whenever said pipeline is relocated pursuant to subsection (2) of this section (c) of this Article XXII, applicant will either bury the relocated pipe or promptly construct and maintain, at its own expense, a suitable ramp in a new place designated by Lessee. Lessee shall not be responsible for damage to said pipeline caused by such vehicles and equipment crossing said pipeline.

2. That applicant will make adequate provisions in the construction of said pipeline, power transmission lines, telephone, telegraph or water lines so that, in the event it is determined by Lessee that mining operations should be conducted within the area of the right-of-way or that a power or industrial plant or other building should be built in such area, the line can be expeditiously relocated so as not to interfere with Lessee's operations; and applicant shall make such relocation, including any necessary bridging, at its own expense, within six (6) months from receipt of notice in writing from Lessee requesting such relocations. If applicant fails to make such relocation within such six (6) month period, Lessee may relocate the line without liability and at the expense of applicant.

3. Applicant will, at all times, keep, maintain and repair at its own expense, the portion of the pipeline crossing the leased land in such condition as not to injure, endanger or interfere with Lessee or any person or property on or about the leased land.

4. That applicant will promptly pay any lawful taxes, charges or assessments placed upon or levied against the pipeline or improvements or appurtenances in connection therewith; provided that applicant may contest the validity or amount of any such tax, charge or assessment and shall not be considered in violation of this stipulation until a reasonable time after final determination of such contest by a competent tribunal.

5. That applicant shall be responsible for any damage, loss of property, injury or death of any person directly or indirectly caused by the enjoyment of pipeline rights, and shall hold Lessee harmless and indemnify it against any and all claims therefor; and shall further hold Lessee harmless from and indemnify it against damage to or loss of property belonging to applicant or injury to or death of any person on or about the pipeline crossing on behalf of or at the invitation of applicant.

6. That applicant shall specify in writing to the Lessee the address to which all notices and requests may be mailed.

(d) LESSOR AGREES THAT:

1. No pipeline right-of-way granted across the leased land shall exceed fifty (50) feet in width. Rights-of-way for power lines and other purposes granted across the leased land shall be of such widths as will accommodate themselves to Lessee's permitted use of the leased land.

2. Lessee shall be given timely written notice by the Area Director of any application for rights-of-way over the leased land before the same are granted.

3. An executed duplicate of the undertaking specified in section (c) above and a true copy of the grant of rights described therein shall be furnished Lessee upon the granting of any application for rights over the leased land.

XXIII. SURRENDER AND TERMINATION. The Lessee may surrender this lease or any legal subdivision thereof by filing with the Area Director on or before the anniversary date of the lease a written relinquishment. If the lease has been recorded, the Lessee must file a recorded release with the Area Director on or before the anniversary date of the lease. The relinquishment shall become effective on the date it is filed with the Area Director, subject to continued obligation of the Lessee and his surety to pay all accrued rentals, royalties, and other payments due and to recondition the premises in accordance with the terms of this lease and the regulations. The Lessee shall, within 30 days after the termination of this lease, furnish the Area Director detailed and complete written reports of the exploration done and all information concerning the nature and value of the minerals. (25 CFR 172.23)

XXIV. RELINQUISHMENT OF SUPERVISION BY THE SECRETARY OF THE INTERIOR. Should the Secretary at any time during the life of this instrument, relinquish supervision as to all or part of the acreage covered hereby, the relinquishment does not bind the Lessee until the Secretary has given 30 days' written notice. Until the requirements are fulfilled, Lessee shall continue to make all payments due under Articles IV, V and VI. After notice of relinquishment has been received by Lessee, this lease is subject to the following further conditions:

1. All rentals and royalties accruing shall be paid directly to Lessor or its successor in title.

2. If at the time supervision is relinquished by the Secretary as to all lands under this lease, and Lessee has made all payments due under the lease and has fully performed all obligations on its part to be performed up to the time of such relinquishment, then the name of the obligee on the bond given to secure the performance of the lease and on file with the Area Director shall be changed to the Lessor who holds title of record.

XXV. WATER WELLS. Upon approval of the Lessor and the Area Director, the Lessee may, at its own expense, drill and equip water wells on the leased land. The Lessee agrees that at the termination of this lease, all wells with potable water shall be left intact and properly cased upon written approval of Lessor and Agency Superintendent. Lessee may remove all mechanical pumping equipment installed by Lessee at any well within 120 days after expiration of the lease, otherwise such equipment shall become the property of the Lessor.

XXVI. DAMAGES. The Lessee and all of his contractors and subcontractors shall conduct all operations authorized by this lease, including construction, operation or maintenance of any of the facilities on or connected with this lease, so as to prevent unnecessary damage to natural resources, improvements and the environment. On termination of operations under this lease, the Lessee shall make appropriate provisions for the conservation, repair and protection of the property and leave all the areas on which the Lessee has worked in a safe condition, not hazardous to life and limb, all to the satisfaction of the Lessor and the Area Director.

XXVII. LIABILITY FOR DAMAGE. The Lessee and all of his contractors and subcontractors are liable for any and all damages resulting from its operations under this lease, including injury to the Lessor, the tenants, licensees and surface owners, and for any and all damages to or destruction of all property, caused by the Lessee's operations hereunder. The Lessee agrees to save and hold the Lessor and the United States, their employees, licensees, and the surface owner or their tenants harmless from all suits for injury or claims for damages to persons and property resulting from the Lessee's operations under this lease.

XXVIII. ROADS. The Lessee may use existing roads, if any, on the leased land. On application, duly approved in writing by the Lessor and the Area Director, the Lessee shall be entitled to construct and maintain, at its own expense, any additional roads on the leased land necessary for exploration and mining. No part of any such road shall inure to the benefit of the public, and the public shall obtain no rights thereon. If at any time the Lessee does not require the use of any such road for the operations authorized under this lease or upon termination of this lease for any cause whatsoever, the right to use any such road shall cease, and road surface shall be restored to its original condition unless otherwise agreed, and all the rights shall revert in Lessor in accordance with law. The Lessee shall hold the Lessor and the United States harmless and indemnify them against any loss or damage that might result from the negligent construction or maintenance by Lessee of the road.

XXIX. INDIAN LABOR. To the extent allowed by applicable Federal and State laws, the Lessee shall give a priority right of employment and training to members of the Navajo Tribe for all positions for which they are qualified and available and shall pay the prevailing wage rates for similar services in the area. Upon initial hiring and whenever thereafter a job opening occurs, the Lessee, its contractors, and subcontractors, shall give notice of such opening to the Agency Superintendent stating the time and place where job applications will be accepted. Lessee agrees to give priority to employment and training of Lessor and other Navajo Indians for skilled and unskilled, technical and other higher jobs in connection with Lessee's operations under this lease. Except in cases of emergency, no nonmember of the Tribe shall be hired for any job until 48 hours following the delivery of such notice to the Agency Superintendent.

XXX. INSURANCE, SOCIAL SECURITY, TAXES, ETC. The Lessee agrees to carry insurance covering all persons working in, on or in connection with the leased land for the Lessee as will fully comply with the provisions of the statutes of the State of New Mexico covering workmen's compensation and occupational disease, as are now in force or as may be amended. Further, the Lessee agrees to comply with all the terms and provisions of all applicable laws of the State of New Mexico as now exist or as may be amended, pertaining to Social Security, unemployment compensation, wages, hours and conditions of labor; and to indemnify and hold the Lessor and the United States harmless from payment of any damages occasioned by the Lessee's failure to comply with

these laws. The Lessee shall pay all taxes lawfully levied or assessed on the sale, severance, production, extraction or removal of any of the minerals covered by this lease.

XXXI. HEIRS AND SUCCESSORS IN INTEREST. It is further covenanted and agreed that each obligation under this lease shall extend to and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors of or assigns of the parties to this lease.

XXXII. GOVERNMENT EMPLOYEES CANNOT ACQUIRE LEASE. No lease, assignment thereof or interest therein, will be approved to any employee or employees of the United States Government whether connected with the Bureau of Indian Affairs or otherwise, and no employees of the Interior Department shall be permitted to acquire any interest in such leases by ownership of stock in corporations having leases or in any other manner.

XXXIII. PENALTIES. Failure of the Lessee to comply with any provisions of the lease, or the regulations contained in 25 CFR 172 and 177, and 30 CFR 231, orders of the Area Director, or the orders of the Supervisor, shall subject the lease to cancellation by the Secretary or the Lessee to a penalty of not more than FIVE HUNDRED DOLLARS (\$500) a day for each and every day the terms of the lease, the regulations, or such orders are violated; or to both such penalty and cancellation; provided, that Lessee shall be entitled to notice and hearing within 30 days after such notice, with respect to the terms of the lease, regulations, or orders violated, which hearing shall be held by the Area Director or the Supervisor, whose findings shall be conclusive unless an appeal be taken to the Secretary pursuant to 25 CFR Part 2, 30 CFR Part 290, 43 CFR Part 23 and subtitle B, Chapter II.

XXXIV. CANCELLATION AND FORFEITURE. When, in the opinion of the Secretary, there has been a violation of any of the terms or conditions of this lease before restrictions are removed, the Secretary has the right at any time after 30 days notice to the Lessee, specifying the terms and conditions violated, and after a hearing, if the Lessee shall so request within 30 days of receipt of notice, to declare this lease void and the Lessor may then take immediate possession of the land provided Lessee does not cure its default within 30 days or, if Lessee requests a hearing and does not cure its defaults within 20 days after the final decision resulting from said hearing. After restrictions are removed, the Lessor may use any available remedy in law or equity for breach of this contract by the Lessee. The remedies specified hereunder are in addition to remedies specifically provided in 25 CFR 172 and 177.

XXXV. OBLIGATIONS. While the leased land is in trust or restricted status, all of the Lessee's obligations under this lease and the obligations of his sureties, are to the United States as well as the owners of the land.

XXXVI. PAST DUE PAYMENTS. Any and all payments specified in this lease, including but not limited to royalty and rent unpaid as of the due date shall bear interest at the rate of 10% per annum from the date payments become due until paid and such payments shall not provide exclusion from any default provision of the lease.

Acknowledgments must be in accordance with the forms prescribed by the State in which the land is situated.

STATE OF New Mexico
COUNTY OF Bernalillo ss:

BE IT REMEMBERED, That on this 24th day of March, A. D. 1980
before the undersigned, a Notary Public in and for the County and State
aforesaid, personally appeared G. Warnock
to me personally known to be the identical person(X) who executed the within
instrument of writing, and such person(X) duly acknowledged the execution of the
same.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my seal
on the day and year last hereinabove written.



OFFICIAL SEAL

Signature

Diane C. Tye

DIANE C. TYE

NOTARY PUBLIC - NEW MEXICO

Notary Bond Filed with Secretary of State

My Commission Expires 6-21-80

XXXVII. NOTICES AND PAYMENTS. All notices, payments and demands shall be sent to the addresses herein recited or to such address as the parties may hereafter designate in writing.

Area Director
Bureau of Indian Affairs
Navajo Area Office
Window Rock, Arizona

Area Mining Supervisor
U.S. Geological Survey
505 Marquette Ave. N.W.
Albuquerque, New Mexico 87102

Agency Superintendent
Bureau of Indian Affairs
Eastern Navajo Agency
Crownpoint, New Mexico

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the dates opposite their respective signatures.

WITNESSES:

LESSEE:

H. B. Warnock
(Name)

TODILTO EXPLORATION & DEVELOPMENT CORPORATION

3809 Camino Sacramento, NE
Alb., NM (Address)

By

G. Warnock

Date 3-24-80

Timothy J. Pearson
(Name)

3810 Academy Parkway South, NE
(Address)

10605 Ralph Avenue, NE
Alb., NM (Address)

WITNESSES:

LESSOR:

Brown Vandever
(Name)

BROWN VANDEVER Date 3-24-80

P.O. Box 262 Prewitt N.M.
(Address) 87045

Brown Vandever #6841
(Printed or typed name & census number)

(Name)

P. O. Box 262, Prewitt, New Mexico
(Address)

(Address)

~~CANCELED~~

(13)

~~AREA DIRECTOR~~

(Name)

(Signature) Date

(Address)

(Printed or typed name & census #)

(Name)

(Address)

(Address)

Approved under authority of memorandum dated November 2, 1979 from the Acting Deputy Commissioner, Bureau of Indian Affairs, to the Navajo Area Director.

APR - 9 1980

Date

Led L. Kaenig

ACTING Area Director

Lynn
8/18/88 4-7-80
CANCELED
[Signature]
ACTING AREA DIRECTOR
8/18/88 *Humoregan*
8/18/88 *Espinosa*

- (d) In the event, there have been no sales of uranium or vanadium concentrates, or minerals associated therewith, in the six months preceding the period for which royalty is being computed, or for other undefined circumstances, the Secretary or his authorized representative may establish reasonable minimum values for the purpose of computing royalty on any of the leased deposits, due consideration being given to the highest price paid for a part or a majority of the products of like quality produced from the same general area, the price received by the lessee, posted prices, and other relevant matters.

URANIUM ROYALTY SCHEDULE

Royalty: to pay or cause to be paid to the Bureau of Indian Affairs, Area Director, Navajo Area Office, Window Rock, Arizona, for the use and benefit of the lessor, a royalty calculated by the following formula:

$$\text{Percentage Royalty Rate} = 6.00\% + 0.05\% \left(\frac{\text{(Value per dry ton)}}{\$1.00} \right)$$

The percentage royalty rate derived by the above formula is to be applied to the "value per dry ton" as defined below for the purpose of determining the amount of royalty due.

(a) "Value per dry ton", wherever used herein, is defined as follows:

The value, expressed in dollars, of a dry ton (2,000 lbs.) of crude uranium ore, such value to be determined by multiplying the weighted average content per dry ton of uranium concentrate in the crude ore produced from the leased premises, by the weighted average price per pound paid for all uranium concentrate obtained from said ore when sold by the lessee, or company processing lessee's ore during the period for which royalty is being computed. If there are no sales of uranium concentrate during the period for which royalty is being computed, the price of uranium concentrate applied will be the weighted average price per pound received by the lessee or company processing lessee's ore then concentrates were sold during the preceding six month period.

- (b) Whenever vanadium and other minerals associated with uranium are recovered and sold by the lessee, or company processing lessee's ore, the lessee shall pay to or for the benefit of the lessor a royalty of ten (10) percent of the gross proceeds derived from such sale; and where the lessee retains possession of the associated mineral products, a separate royalty value will be negotiated.
- (c) The lessee agrees to pay to or for the benefit of the lessor a royalty of ten (10) percent of the value of uranium concentrate recovered from mine waters (whether natural or introduced); from leaching ores in place on the leased lands or from leaching such materials after they have been mined (unless the crude ore has been weighed and assayed prior to leaching) or extracted from the leased lands; or from leaching the waste material resulting from the treatment of ores from the leased lands. The value of uranium concentrate, as used herein, shall be the weighted average price per pound paid for all uranium contained in concentrate, at the processing plant producing such concentrate, during the period for which royalty is being computed, except that if no sales have been made during the period for which royalty is being computed, the value of uranium concentrate shall be the weighted average price per pound received by the lessee or the seller of lessee's concentrate during the preceding six (6) months.